

# **Agenda**

## **Greensboro City Council**

### **Economic Development Committee**

**Thursday, April 18, 2013**

**9:30 a.m.**

### **Plaza Level Conference Room**

1. Call to Order – Chairperson Matheny
2. Approval of April 12, 2013 Draft Minutes – Committee (Attachment #2)
3. Committee Follow Up Items
  - b. Camp Burton property
  - c. Meeting with Kernersville & High Point
  - d. Method to update signage around Greensboro that references Downtown
  - e. Conference call with lobbyist regarding potential federal grants
  - f. Energy Taskforce
4. PTIA Future Development Plan – Kevin Baker, CEO Piedmont Triad Intl Airport
5. Prosperity Zone – John Shoffner (Attachment #5 with map)
6. SC2 Grant – Bill McNeil (Attachment #6)
7. GEDA Up-Date
8. Staff Update - Andy Scott, Kathi Dubel, John Shoffner
9. Next Meeting - Date

### **MEMBERS OF COUNCIL**

**ROBBIE PERKINS, Mayor**  
**YVONNE J. JOHNSON, Mayor Pro Tem**  
**NANCY VAUGHAN, At Large**  
**MARIKAY ABUZUAITER, At Large**

**T. DIANNE BELLAMY-SMALL, District One**  
**JIM KEE, District Two**  
**ZACK MATHENY, District Three**  
**NANCY HOFFMANN, District Four**  
**TONY G. WILKINS, District Five**

**DRAFT**  
MINUTES OF THE ECONOMIC DEVELOPMENT COMMITTEE  
OF THE  
CITY OF GREENSBORO, NORTH CAROLINA

COMMITTEE MEETING

12 APRIL 2013

The Economic Development Committee of the City of Greensboro met at 9:00 a.m. on the above date in the Plaza Level Conference Room of the Melvin Municipal Office Building with the following members present: Councilmember and Chairman Zack Matheny; and Councilmembers Jim Kee and Tony Wilkins. Absent: Councilmember T. Dianne Bellamy-Small.

Also attending: Assistant City Manager Andy Scott; Economic Development Manager Kathi Dubel; and Deputy City Clerk Diana Schreiber.

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Chairman Matheny opened the meeting at 9 a.m.; welcomed everyone in attendance; limited the overall discussion to one-hour; and acknowledged that Councilmember Abuzuaiter was sitting in the meeting until she was appointed by Mayor Perkins.

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Councilmember Kee made a motion to approve the 4 April 2013 minutes. The motion was seconded by Councilmember Wilkins and adopted by voice vote of the members.

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Chairman Matheny followed-up on the previous meeting's discussions by inquiring about the tentative meeting between Kernersville and High Point; encouraged staff to arrange a meeting by month-end; and referenced logistics of the solar panel/taskforce from the work session.

Assistant City Manager Andy Scott stated that staff was arranging the meeting between the municipalities and that a date should be available soon; stated District 1 was in an Urban Progress Zone; and that staff was researching options.

Councilmember Kee requested details on creating an economic development zone in District 1.

Chairman Matheny and Councilmember Kee directed staff to research federal/state options on an urban empowerment zone to support energy and technology projects; requested to have the information available for presentation at the next Committee meeting; and to investigate federal options with Craig Saperstein, particularly on waste to energy projects.

Mr. Scott was requested to schedule a conference call between Councilmembers Matheny and Kee with lobbyist Craig Saperstein regarding federal funding of alternative energy projects; and was requested to contact Senator Wade regarding acquisition of the Burton Prison Farm from the State's Surplus Property Division.

Chairman Matheny spoke to the location of the Veterans' Hospital sponsored by Senator Kay Hagan; referenced the area between Kernersville and High Point consisting of the land triangle between I-40 and Business I-40; and inquired about Kevin Baker's availability (from PTI) to attend a future Economic Development Committee meeting.

Kathi Dubel spoke to Economic Development projects that the Committee had pinpointed for discussion of funding options and projections; and referenced Renaissance Center progress and cost figures that would be available in early May.

Mr. Scott would inquire with Adam Fischer on utilizing transportation bonds for Renaissance Center parking lot improvements; clarified the applicability of various types of funding to their appropriate uses; and was requested to provide budget data on funding used to redevelop dilapidated buildings.

Chairman Matheny spoke in support of cost shifting of funds to an economic fund in support of shovel-ready sites and a loan pool for land acquisition.

Chairman Matheny stated that the Committee's focus was to make recommendations on how to ultimately pay for whatever Council decided; acknowledged that Councilmember Wilkins had concerns about using 2/3 bonds; and encouraged staff to keep researching funding to avoid the use of such bonds.

Ms. Dubel spoke to the Willow Lake/East Wendover Project with Kotis Group; and noted that it involved an infrastructure project with potential annexation. Mr. Scott reminded the Committee that \$600,000 in water/sewer funds had been set-aside for economic development in 2012; and that staff would keep the Committee informed on land acquisition.

Councilmember Wilkins inquired about the advantages of the big-box loan program.

Staff referenced the local program that addressed dilapidated shopping centers; stated that interest was earned on the loans to fund construction; emphasized that a credit worthy tenant had to be ready to sign a lease; and noted that the program was not speculative in nature.

Chairman Matheny recommended the formation of a \$1 million revolving loan pool to fund the creation of shovel ready sites, similar to the City's loan program for retail sites; added that when the site was sold or leased, the City would get the money back at closing; and favored that the \$1 million be utilized to acquire land at \$25,000/acre increments totaling forty acres.

Audience member Bob Mays interjected that the Committee consider the issue of carrying costs on properties due to market depression.

There was discussion of the costs of raw land within the City and Guilford County.

Mr. Scott spoke to getting sellers to agree to a contracted price within a range.

Ms. Dubel spoke to street improvements in the Central Business District.

Chairman Matheny spoke to the business accelerator program at American Tobacco in Durham and suggested a field trip.

Councilmember Kee inquired about the status on the conversion of Greene Street to two-way. Chairman Matheny spoke to ingress/egress of Lincoln Financial employees; referenced two proposed office buildings off of Greene Street, totaling \$10 million; referenced Elon's option to purchase the remaining block on Greene Street; and mentioned conversations regarding incentives that would involve the Marriott's façade/entrance upgrade and its conversion to Greene Street.

Chairman Matheny discussed the upcoming agenda for the next committee meeting to include John Shoffner's presentation on Urban Progress Zones; Kevin Baker's presentation on PTI; and an update on the SC2/EDA Grant.

Mr. Scott spoke to the SC2 matching funds grant process; stated the process would last eighteen months; and that Council would decide on the winner.

Chairman Matheny referenced sign removal; and encouraged staff to devise a method to update signage around Greensboro which referenced Downtown.

Staff suggested a sign competition for signs directing motorists to Downtown.

Councilmember Wilkins requested information regarding improvements for the two-mile stretch between I-40 and Groometown Road in District 5. Mr. Scott referenced upcoming voter-approved projects that did not include that portion of road; and noted that specific portion could be included in an upcoming bond proposal.

Chairman Matheny inquired if Councilmember Wilkins would be willing to use 2/3 bonds for road construction; Councilmember Wilkins added that if the bonds were voter approved, the bonds could be used to clean up the roadway.

Councilmember Abuzuaiter inquired if streetscape upgrades were processed simultaneously with water/sewer refurbishing projects.

Mr. Scott stated that water/sewer projects were funded by enterprise funds based on water rates and bonds; that scheduled water/sewer projects could be done simultaneously with streetscape work but emphasized that those were separate budgeted funds.

Chairman Matheny reiterated the importance of hearing from Kevin Baker relevant to industrial site development; directed staff put together a plan for the Committee to consider 'dollar match per job created'; and requested a bullet point plan for discussion. Mr. Scott referenced a project put out by Deputy City Manager Westmoreland to offer additional incentives for companies locating in or expanding in East Greensboro; that an incentive recipient often discovered that municipal rules/regulations involved unexpected, additional development costs (sidewalks, turning lanes, etc.); and referenced water/sewer lines in Reedy Park.

Chairman Matheny recommended having a presentation on Bryan Park at the meeting-after-next by Parks & Recreation Director Chris Wilson; and spoke to County Commissioners giving back parks to the City.

Chairman Matheny stated that a report on the University Village Concept was expected in May; if the concept did not locate at South Elm Street then the whole investment plan would change. Ms. Dubel inquired if the Committee wanted to add projects or direction; and noted that the handout included fiscal expenditures, prioritizing, sources of bonds and a financial review.

Chairman Matheny stated that the short/long term goals were still in play; focused on finishing out projects at the Airport and in East Greensboro; summarized the agenda items of the next meeting: East Greensboro/Urban Empowerment Zone; Kevin Baker and Airport discussion; and SC2 Grant; expressed support for future committee meetings to include: Bryan Park, conference call with Craig Saperstein, update on waste to energy, and update on direction to staff; and requested communication by Assistant City Manager Scott regarding the status of Camp Burton.

Cyndi Dancy, GEDA VP Business Development Services, updated the committee on current activity; stated three sites were investigated (two pre-existing, one new construction); and Chairman Matheny inquired about how to encourage the process; Ms. Dancy stated that the point was not reached yet. Chairman Matheny inquired about how could the City partner with GEDA to market Greensboro in order to promote investment in the City; and inquired how GEDA could be more proactive in attracting investment.

The next meeting was scheduled for Thursday, April 18<sup>th</sup> at 9:30 a.m. in the Plaza Level Conference Room.

Councilmember Kee made a motion to adjourn. The motion was seconded by Councilmember Wilkins and adopted by voice vote of the Committee.

The Committee adjourned at 10:04 a.m.

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Diana Schreiber  
Deputy City Clerk

Zack Matheny  
Chairperson & Councilmember

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(A copy of the handout is referred herein and is made a part of the minutes.)

## **Talking Points Relative to the City Establishing a New Economic Development District "Prosperity Zone" in Greensboro**

**Purpose:** Create a targeted local incentive program to encourage employers to locate and expand within areas of the City experiencing higher than average unemployment rates and poverty. The designated area will be known as Greensboro's "Prosperity Zone."

**Geography:** Areas of the City with unemployment rates 200 basis points higher than the City average and/or poverty rate 500 basis points higher than the City average.

### **Special Zones Already Designated in Greensboro and their Benefits:**

#### **1) Urban Progress Zone**

Approved by Council.

Designation is valid through 12/31/14.

The Urban Progress Zone program was established by the State of NC to provide economic incentives to stimulate new investment and job creation in economically distressed areas. The State has made available various enhanced state tax credits that can be applied to up to 50% of the taxpayer's state income and franchise tax liability for job creation and investment in business property for qualifying companies located in an area designated as an Urban Progress Zone.

Eligible companies include: aircraft maintenance and repair; air courier services hub; company headquarters that creates at least 75 new HQ jobs; customer service call centers; electronic shopping and mail order houses; information technology and services; manufacturing; motorsports facility; motorsports racing team; research and development; warehousing; and wholesale trade. The average wage of all full-time workers employed by the taxpayer at the establishment during the taxable year must exceed the applicable wage standard of the County and qualifying health insurance must be provided (employer must pay at least 50% of the premiums).

The Urban Progress Zone represents 14.97% of the City of Greensboro (19.75 square miles) and reduces the job creation threshold to qualify for the job creation tax credit from 10 to 5 and increases the credit per job from \$5,000 to \$6,000. If the job is filled by a resident of the zone or a long-term unemployed worker, the credit is increased by an additional \$2,000.

The Urban Progress Zone also reduces the threshold on the investment in new personal property from \$1 Million to \$0 and increases the credit from 5% to 7%.

## **2) Historically Underutilized Business Zone “HUBZone”**

The purpose of the HUBZone program is to provide federal contracting assistance for qualified Small Business Concerns “SBCs” located in historically underutilized business zones in an effort to increase employment opportunities, investment, and economic development in such areas.

### **HUBZone Contract Benefits:**

HUBZone contracts are contracts awarded to a qualified HUBZone SBC through any of the following procurement methods:

Sole source awards to qualified HUBZone SBCs;

Set-aside awards based on competition restricted to qualified HUBZone SBCs; or

Awards to qualified HUBZone SBCs through full and open competition after a price evaluation preference in favor of qualified HUBZone SBCs.

## **3) Potential Enhanced and Targeted Incentive Strategy:**

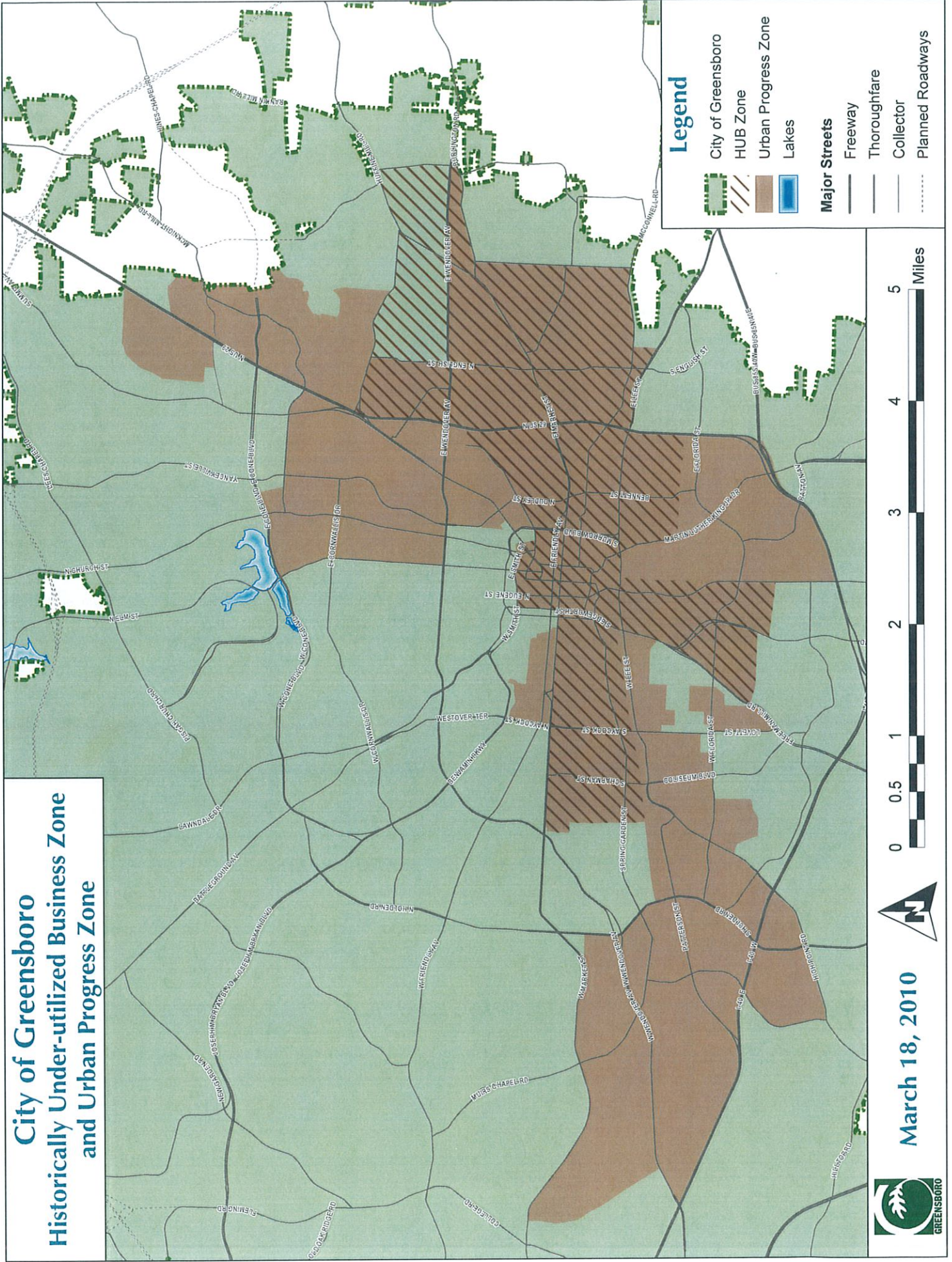
In order to avoid confusion, be consistent, and leverage work that has been done to date, we should utilize the research and tools that we have already developed to include the Connections 2025 Comprehensive Plan, Community Economic Development Strategic Plan, Urban Progress Zone, HUBZone, New Market Tax Credits, water & sewer line upsizing policy, City/County economic development guidelines, and Urban Development Investment Guidelines to identify an attractive development area to target as our new Prosperity Zone.

- a. Create an enhanced incentive within the context of our current ED incentive guidelines allowing for longer-term incentives within the Prosperity Zone.
  - i. Target a 6 to 10 year incentive grant as opposed to our current 3 to 5 year term.
  - ii. Retain targeted incentive at 80% of incremental property tax revenue.
- b. Consider offering an upfront infrastructure incentive
  - i. Will enable earlier stage companies to access capital they will need to grow in the Prosperity Zone.
  - ii. Entails significant risk to the City as it would be very difficult to recoup our grant if the company did not make it or relocated elsewhere.

1. Risk can be somewhat mitigated by focusing on infrastructure that would remain in place and aid in attracting a new entity if there was a failure.
- iii. Could be funded by the 11/06 \$10 Million Economic Development Bond.
- c. City and County may also target offering other **non-traditional incentives** as a means to build a compelling case and well-qualified workforce within the Prosperity Zone and adjacent area.
  - i. Will reduce sprawl and congestion by enabling the workforce to live in proximity to where they work.
  - ii. County and state would also realize a significant reduction in costs as unemployed citizens returned to work and lessened the burden on existing social support services.
  - iii. Justification for partnering opportunities to create a sustainable funding source for initial and ongoing costs.
- d. Create a “strike force” to include resources from the City and County to address infrastructure, quality of life, and workforce issues to make the prosperity Zone a compelling place for companies to locate to.
  - i. Prioritized public infrastructure upgrades.
  - ii. Daycare
  - iii. Workforce Development Enhanced Training.
  - iv. Subsidize portion of wages during on the job training period.
  - v. Maintain a database of workers that qualify as living in the Urban Progress Zone and/or are considered long-term unemployed to assist companies in recruiting these individuals and qualifying for the enhanced state \$2,000 tax credit.



# City of Greensboro Historically Under-utilized Business Zone and Urban Progress Zone





## **Greensboro Economic Catalyst Challenge EDA Strong Cities Strong Communities (SC2) Challenge Grant Update on Status and Timeline: April 15, 2013**

**Background:** EDA awarded \$1 million grant to City on September 21, 2012, under the Strong Cities Strong Communities (SC2) Challenge. Federal funds are to be matched by \$250,000 City funds (\$225,000 cash, \$25,000 in-kind). The grant is structured as a competition in two phases:

- Phase 1
  - RFP to seek competitive economic strategy proposals, nationwide and local
  - \$100,000 in cash 'prizes' awarded to top three, rated by Evaluation Panel
  - up to 6 finalists will be invited to prepare full Economic Strategic Plans
- Phase 2
  - \$1,000,000 prize awarded to team with the 'winning' Economic Strategic Plan
  - 'Winner' to be selected by committee of Evaluation Panel and key city staff
  - Plan will contain deliverable value that prepares projects for implementation
  - Plan should be basis for future EDA, other federal, local implementation funds

### **Key Points from EDA Guidance:**

- EDA has delayed its launch, web-portal and training for the SC2Challenge Grantees
  - City advised to proceed
  - 18 month timeframe will be adjusted
- Priority tasks
  - Orient Evaluation Panel members to judge proposals
  - Orient Project Manager
  - Plan local kick-off
  - Release Phase 1 RFP, based on EDA template with local priorities
  - Adopt budget ordinance May 7, 2013
- Timetable:

○ Kick-off/Phase 1 'Launch'	May 1, 2013
○ Phase 1 Proposals due	October 20, 2013
○ Phase 1 awardees and finalists selected	November 15, 2013
○ Phase 2 Plans due	May 2014
○ Winner selected	June 2014
- 'Winning' Plan will offer a strategic vision for changing the city's economic trajectory. It will incorporate locally-significant, high-impact, catalytic projects and create a framework for rapid implementation.
- This is **not** a typical grant with funds available for City Council to fund local projects. Rather, it awards funds to the team with the strongest strategy for improving the economy. Our criteria will emphasize feasibility and rapid implementation.
- An 'Idea Bank' for local groups and citizens to post project ideas will be linked to the City SC2 Challenge website.